

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

In Re: W.R. GRACE & CO., et al., Debtors.	§ § § § § §	Chapter 11 Jointly Administered Case No. 01-01139 (JKF)
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**FEE AUDITOR'S FINAL REPORT REGARDING
FEE APPLICATION OF WALLACE, KING, MARRARO & BRANSON, PLLC
FOR THE ELEVENTH INTERIM PERIOD**

This is the final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding the Eleventh Interim Fee Application of Wallace, King Marraro & Branson, PLLC (the "Application").

BACKGROUND

1. Wallace, King, Marraro & Branson, PLLC ("Wallace King") was retained as special litigation and environmental counsel to the Debtor. In the Application, Wallace King seeks approval of fees totaling \$266,944.30¹ and costs totaling \$55,730.33 for its services from October 1, 2003, through December 31, 2003.

2. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Application in its entirety, including each of the time entries included in the exhibits to the Application, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended

¹Although the Application requests \$266,944.30 in fees for this period, this amount reflects a 40% reduction, \$95,887.20, for time spent with regard to the Honeywell litigation. Notwithstanding this discount, the actual amount of fees reviewed is \$362,831.50.00.

Effective February 1, 2001, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. 330, Issued January 30, 1996, (the "Guidelines"), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals. We served on Wallace King an initial report based on our review, and received a response from Wallace King, portions of which response are quoted herein.

DISCUSSION

3. In our initial report, we noted ten meal expense entries totaling \$2,408.06, which may be excessive. The entries are provided below.

C. Marraro - Meal with expert E. Anderson in DC on 2/25/03 (2 people)	223.75
C. Marraro - Meal with Mr. Nagy in DC on 3/7/03 (2 people)	196.90
C. Marraro - Dinner with A. Nagy on 4/25/03 (2 people)	241.22
C. Marraro - Meal with Messrs. McGuire, B. Bowe and A Nagy in NJ on 5/13/03 (4 people)	294.30
C. Marraro - Dinner with Mr. Agnello, Ms. Flax and Mr. Nagy in DC on 5/23/03 (4 people)	234.21
C. Mararo - Dinner in New York with Mr. Obradovic, Mr. Nagy, Mr. Brown and Mr. Agnello on 7/14/03 (5 people)	335.20
C. Marraro - Dinner meeting with Mr. Siegal and Mr. Corcoran in Baltimore on 6/18/03 (3 people)	281.32
C. Marraro - Dinner with Mr. Senfleben on NYC on 6/24/03 (2 people)	156.98
C. Marraro - Dinner meeting with Mr. Senfleben, Mr. Nagy, Mr. Agnello and Mr. Brown on 6/30/03 (5 people)	303.35

C. Marraro - Dinner with Dr. Anderson on 8/19/03 (2 people) 141.31

Paragraph I.E. of the Guidelines states, “. . . [i]n evaluating fees for professional services, it is relevant to consider . . . [w]hether the expense is reasonable and economical.” We suggest reasonable expense ceilings of \$15.00 per person for breakfast, \$25.00 for lunch and \$50.00 for dinner. For each entry we asked Wallace King to explain why the expense should not be viewed as excessive.

Wallace King responded as follows:

All meals are for business working dinners in connection with the Honeywell case. These dinner meetings included both clients and experts. These dinners were held at typical New Jersey/ New York and Washington business eating establishments. All charges include taxes and gratuity.

We appreciate the response but maintain that our suggested meal expense ceilings are reasonable.

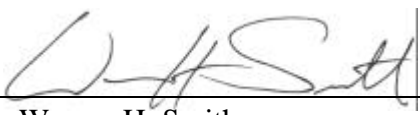
Thus, we recommend a reduction of \$858.54 in expenses.

CONCLUSION

4. Thus, we recommend approval of fees totaling \$266,944.30 and costs totaling \$54,871.79 (\$55,730.33 minus \$858.54) for Wallace King’s services from October 1, 2003, through December 31, 2003.

Respectfully submitted,

WARREN H. SMITH & ASSOCIATES, P.C.

By: 
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FEE AUDITOR

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served First Class United States mail to the attached service list on this 8th day of June, 2004.


Warren H. Smith

SERVICE LIST

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